



# Memo

**To:** Bob Nelson, CRRECC Chair  
**From:** Katie Hansen, San Diego Chapter of the California Restaurant Association  
**CC:** Honorable Tony Young  
Chair, City Council Budget + Finance Committee  
**Date:** June 24, 2010  
**Re:** Restaurant Industry Suggestions to the Commission on Revenue Review and Economic Competitiveness (CRREC)

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## **Status of Restaurants in San Diego**

Over 6,000 food and beverage establishments in San Diego.

Typical restaurant owner started at the bottom of the career ladder. 80% of all managers began as front line employee.

Eating and drinking places employ more minority and women managers than any other retail industry.

47% of all American have worked in food and drink establishments. That is almost one out of every two Americans.

Restaurants are a major anchor in the San Diego economy. Over 98,000 people are employed by our industry. The National Restaurant Association projects that restaurants will add 428,000 summer jobs nationwide with 30,400 in California

Restaurant and Bar workers are among the highest paid unskilled workers in San Diego. Earning an average of \$26 per hour including tips.

The "Great Recession" felt by the national and local economy during 2008 and 2009 left restaurants in critical condition. Consumer confidence was low due to double digit unemployment, which resulted in fewer San Diegans dining out.

Small profit margins disappeared and many restaurants were operating in the red. Our members were pushed to cut back on personnel, re-negotiate leases, re-negotiate product prices with vendors and offer deep discounts to get business in the door.

2010 has brought about positive change to the industry as the economy begins to stabilize and is a year of gradual economic recovery for the industry.

## **Restaurant Suggestions to the CRREC**

### **1) Revenue Review: Do No Harm to the Industry**

The following taxes being reviewed by the CRREC would negatively impact restaurant ability to continue economic recovery:

- ½ Cent Sales Tax Fee Increase
- Business Tax Increase
- Business Tax Reform
- Utility Users Tax
- Increase to the Linkage Fee

At this time any new tax on our industry or our customers would severely impact our progress towards economic recovery and push many who are already on the fence over the edge.

### **2) Economic Competitiveness: Make Business Easier**

Chicago, New York City and Los Angeles has all moved to streamline their permitting processes for restaurants. These cities recognize the importance of our industry in creating good paying jobs, helping to restore the economy and revitalizing older neighborhoods.

City of Chicago: Restaurant License Wizard <http://egov.cityofchicago.org/city/restaurants/home.do>

New York City: NYC Small Business Services <http://www.nyc.gov/html/sbs/html/home/home.shtml>

New York City: NYC Business Solutions <http://www.nyc.gov/html/sbs/nycbiz/html/home/home.shtml>

The City of Los Angeles Permits + Licenses: <http://www.lacity.org/SubMenu/PermitsLicenses/index.htm>

Additionally, the City of Los Angeles took this concept one step further and created case managers to help restaurants navigate through the permitting and regulatory process.

The City of San Diego could look for ways to streamline restaurant permit and inspection processes. This would make it easier for restaurants to open, remodel and expand in San Diego. Plus it would be more efficient, cut costs and shorten the process for the City.

To increase economic competitiveness the CRECC should consider:

- A) Development of an online restaurant license wizard
- B) Development of online permit processing where applicable
- C) Review of DSD codes, CCDC requirements and streamline where appropriate

### **Resources for the CRREC on Restaurants**

- 1) San Diego Restaurant Survey
- 2) 2010 NRA Forecast Facts Sheet
- 3) 2010 California Restaurant Industry at a Glance
- 4) LA Times Article "L.A. makes opening restaurants easier"
- 5) San Diego Daily Transcript "Putting San Diegans to work today, party three"
- 6) San Diego Union Tribune "Dining out is back on the menu"